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Message Text

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15
ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 NEA-14 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03

SS-20 USIA-15 SWF-02 AID-20 CEA-02 COME-00 EB-11

FRB-02 CIEP-02 STR-08 TRSE-00 LAB-06 SIL-01 SAM-01

OMB-01 ACDA-19 DRC-01 /204 W
---------- 105717
P 211029Z JUN 74
FM AMEMBASSY BONN
TO SECSTATE WASHDC PRIORITY 3346
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY LONDON
AMEMBASSY LUXEMBOURG
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY THE HAGUE
USMISSION EC BRUSSELS
USMISSION USUN NEW YORK

C O N F I D E N T I A L BONN 09823

E.O. 11652: GDS
TAGS: EAID, EEC, GW
SUBJECT: EC CONTRIBUTION TO UN EMERGENCY FUND

REF: EC BRUSSELS 4174

1. THE FRG DISCUSSED THE ISSUE OF A $500 MILLION EC CONTRIBUTION TO A UN EMERGENCY FUND AT THE CABINET LEVEL FOR THE SECOND TIME ON JUNE 19 BUT FAILED TO REACH A DECISION. THERE ARE SEVERAL FACTORS AT ISSUE IN THE GERMAN CONSIDERATION OF ITS POSITION ON THIS PROPOSAL:
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A) BUDGETARY CONSIDERATIONS. THE EC PROPOSAL WOULD RESULT IN GERMAN CONTRIBUTIONS OF DM 215 MILLION EACH IN 1974 AND 1975. THE GERMANS WOULD PREFER AND HAVE ARGUED THAT THE FUNDS SHOULD COME OUT OF THE EC BUDGET RATHER THAN BE PROVIDED BY SPECIAL CONTRIBUTIONS FROM MEMBER GOVERNMENTS BUT THEY ACKNOWLEDGE PRIVATELY THAT THIS IS NOT A REALISTIC POSSIBILITY. CONSEQUENTLY, THEY ARE EXAMINING THEIR OWN BUDGET TO SEE WHERE THE FUNDS WOULD COME FROM. THE 1974 CONTRIBUTION POSES LITTLE PROBLEMS SINCE THE EXISTING AID BUDGET CONTAINS SURPLUS FUNDS FROM PROJECTS WHICH HAVE NOT MATERIALIZED DURING THE COURSE OF THE YEAR. THE SOURCE OF THE 1975 CONTRIBUTION IS A MATTER OF HEATED DEBATE HOWEVER SINCE THE FRG IS IN THE MIDST OF PREPARING ITS 1975 BUDGET. THIS BUDGET WILL BE AN ESPECIALLY TIGHT ONE AND NO MINISTRY WANTS TO SACRIFICE ANY OF ITS PROGRAMS FOR THE SAKE OF THIS CONTRIBUTION.

B). POSITION OF OTHER PROSPECTIVE DONORS. THERE IS CONSIDERABLE SENTIMENT WITHIN THE FRG, SPEARHEADED BY CHANCELLOR SCHMIDT, THAT IT NOT COMMIT ITSELF TO PARTICIPATING IN THIS FUND UNTIL THE POSITION OF OTHER PROSPECTIVE DONORS, ESPECIALLY THE UNITED STATES AND THE ARAB COUNTRIES, IS CLEARER. THE PROPONENTS OF THIS POSITION SEE NO REASON WHY THE EC SHOULD BE WAY OUT IN FRONT IN MAKING COMMITMENTS TO THIS FUND.

2. IN ADDITION TO THESE FACTORS, THERE IS A HIGH DEGREE OF SKEPTICISM WITHIN THE FRG, AGAIN HEADED BY CHANCELLOR SCHMIDT, ABOUT THE VALUE AND EFFICACY OF THE PROPOSED UN FUND AND CONCERN THAT THE FRG WILL RECEIVE VERY LITTLE POSITIVE BENEFIT FROM ITS CONTRIBUTION. THERE IS ALSO A SENSE OF IRRITATION AT EC COMMISSIONER CHEYSSON FOR HIS UNAUTHORIZED "COMMITMENT" OF EC FUNDS AND A DESIRE TO "TEACH HIM A LESSON" BY REFUSING TO HONOR THIS "COMMITMENT". BALANCED AGAINST THESE FACTORS IS THE FEELING (ESPECIALLY WITHIN THE GERMAN AID MINISTRY AND THE FOREIGN OFFICE) THAT THE FRG IS NOW COMMITTED TO SUPPORT THIS EC INITIATIVE LEST IT BE SINGLED OUT FOR CONFIDENTIAL

THE OPPROBRIUM OF THE POTENTIAL LDC AID RECIPIENTS.

3. THE FRG IS CONTINUING ITS DELIBERATIONS OF THIS ISSUE IN PREPARATION FOR THE JUNE 25 EC COUNCIL MEETING. OUR FOREIGN OFFICE CONTACTS HAVE ASKED IF THE US PLANS TO CONTRIBUTE TO THE PROPOSED FUND AND IF SO THE SIZE AND NATURE (CASH, COMMODITIES, E.G., FERTILIZER, ETC.) OF ITS CONTRIBUTION. WHILE WE WERE

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ABLE TO DRAW ON PREVIOUS GUIDANCE PROVIDED BY THE DEPARTMENT, WE WOULD APPRECIATE ANY ADDITIONAL INFORMATION ON US INTENTIONS WE COULD PASS TO THE FRG. WE UNDERSTAND THAT THE GERMAN EMBASSY IN WASHINGTON HAS BEEN INSTRUCTED TO APPROACH THE DEPARTMENT ON THIS ISSUE.
HILLENBRAND

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